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10 October 1951

Mr. Walter S. Salant
Council of Economic Advisers
Executive Office of the President
Washington 25, D. C.

Dear Walter:

We have made a check on most of the data accompanying your letter of September 25, 1951, regarding the production and productive resources of the US, ERP countries and USSR Satellites. We are transmitting to the President, within the next few days, similar figures as part of a broader comparison of military potential. The figures on economic magnitudes which we are submitting agree generally with yours with the following exceptions:

1. For the US and the ERP countries:

a. Crude Oil. While in close agreement on the US figures for crude oil only, we are inclined to use for comparative purposes crude oil plus natural gas liquids and add the shut-in production. This gives a comparison based on current US potential rather than actual US production.

b. Electricity. If production at industrial plants is included, we believe the 1950 US figure should be about 388 billion kilowatt hours rather than 329 as you show it, and that the 1951 figure should be 430 versus your figure of 359.4. In regard to the ERP countries our figure for 1950 is somewhat higher than yours, 228 versus 224; while our 1951 data checks exactly. It would appear that the data on the US which you sent to us for comment excludes the industrial plant production; while the data on the ERP countries includes it.

c. Gross National Product. Our figure is the same as yours for the year 1950, but for 1951 we have used 308.0 billions of dollars in 1950 prices, which is roughly consistent with your figure in 1951 prices.

d. Coal. The data on coal cannot be compared readily for the ERP countries. Our 1950 estimate is about 481 million metric tons hard coal equivalent versus your data of 442.0 for bituminous and anthracite and 84.0 for lignite. Our figures for 1951 are 518 million metric tons in hard coal equivalent compared to your 465.0 for bituminous and anthracite and 81.0 for lignite.

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2. For the USSR and Satellites:

a. Coal. Our figures in terms of hard coal equivalent are 423 million metric tons compared with your 335.0. This can be accounted for in two ways: (1) our data may include a number of bits and pieces of brown coal, lignite, etc. which do not appear in yours, and (2) difference in factors used in conversion to hard coal equivalent. We recognize that there is ample room for differences in opinion in regard to conversion factors.

b. Crude Oil. Our figure for 1950 indicates 44.7 million metric tons crude oil only and 48.1 million metric tons including synthetics, whereas your figure for crude oil is 46.0.

c. Electric Power. Our figure for 1950 is 134 billion kilowatt hours compared to your 126.0 billion. Whereas your figure seems consistent with the planned output, ours reflects opinions that the plan was exceeded.

c. Motor Vehicles. Our figure is .5 million units versus your .4. We are inclined to believe that whereas they failed to meet their goal in the USSR, the production in the European Satellites nearly offset this.

3. I can see no reason not to release the figures on the US and ERP countries if you see fit to do so. With the exception of the figures on population and G.N.P. we consider it inadvisable to release on an unclassified basis either your estimates or ours on the Soviet bloc. While various estimates from non-Government sources may be of the same order of magnitude as ours, the release of such figures by the Government or by someone in an official capacity provides the Soviets with a measure of our effectiveness in intelligence operations. Over a period of time this can have consequences affecting the availability of information to us. In our opinion the Soviet bloc figures should be in the CONFIDENTIAL-SECRET range.

You particularly inquired as to the figures and identification of the source of the Gross National Product data of the Soviet bloc. We do not feel that the use of these figures on an unclassified basis is objectionable, but we cannot approve the citing of either the Department of State or CIA as the source in any unclassified presentation.

Sincerely yours,

Max F. Millikan

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